

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Polanco Analyst: Roger Lackey Bill Number: SB 843

Related Bills: None Telephone: 845-3627 Amended Date: 04-06-99

Attorney: Doug Bramhall Sponsor: _____

SUBJECT: Information Technology Management Act Of 1999

SUMMARY

This bill would enact the Information Technology Management Act of 1999, which would establish specific polices for state agencies to follow and would provide for the establishment of a Chief Information Officers Council as the principal interagency forum to improve state agency practices relating to the use of information technology.

SUMMARY OF AMENDMENT

The April 6, 1999, amendment created the new Information Technology Agency (ITA) to perform the duties and responsibilities of the current Office of Information Technology and Department of Information Technology. The amendment also provided that the ITA would be managed by an Agency Secretary/ Chief Information Officer, who would be appointed by the Governor and serve on the Governor's cabinet. For purposes of this bill, the terms "Agency Secretary" and "Chief Information Officer" would be used interchangeably.

The department did not provide an analysis of the bill as introduced February 25, 1999.

EFFECTIVE DATE

This bill would be effective January 1, 2000.

SPECIFIC FINDINGS

Existing **state law** provides for the existence of the Department of Information Technology (DOIT) whose duties are to provide leadership, guidance, and oversight of information technology (IT) in state government.

State law also provides that the Governor appoint the Director of Information Technology, whose duties include: developing plans and policies to support and promote IT; overseeing the management of IT projects; preparing annual reports and providing recommendations regarding IT to the Governor and the Legislature; identifying which applications of IT should be state wide in scope; and establishing policies and procedures regarding the scheduling and funding of major IT projects.

Board Position:

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Department Director

Date

Gerald Goldberg

5/5/1999

State law provides the director of DOIT with the authority to review proposed agency IT projects and the authority to grant or withhold approval of a project based on the director's review. The director is vested with the authority to make the final decision to initiate, suspend, or terminate an IT project. For the purpose of IT projects, the Department of Finance's role is limited to the approval of expenditure of funds on information technology projects.

In addition, under current **state law**, the Director of IT is responsible for forming an information technology advisory committee or committees consisting of representatives of state agencies. The committee's duties include advising the director of IT with respect to IT management and making recommendations for policy changes, both legislative and administrative, necessary to achieve successful IT management.

This bill would enact the Information Technology Management Act of 1999, which would establish specific policies for state agencies to follow relating to the improvement and refocusing of IT programs, projects and its related management.

This bill would create the new Information Technology Agency (ITA) to perform the duties and responsibilities of the current Office of Information Technology and Department of Information Technology. The ITA would be managed by an Agency Secretary/ Chief Information Officer, who would be appointed by the Governor and serve on the Governor's cabinet. For purposes of **this bill**, the terms "Agency Secretary" and "Chief Information Officer" (CIO) would be used interchangeably.

Also, **this bill** would extend the operation of the technology agency from July 1, 2000, to July 1, 2005.

In addition, **This bill** would provide that each state agency designate a chief information officer (CIO) with the responsibilities necessary to advise the state agency and its head on the design, development, and implementation of IT systems.

This bill would provide that the head of each state agency shall use IT to improve on the performance and service to the public by establishing more effective decision making processes, establishing performance measures for IT investments, and ensuring policies and procedures and practices of the state agency are adequate.

Also, **this bill** would provide that ITA establish a Chief Information Officers Council (CIO Council,) as the principal interagency forum to improve upon state agency practices relating to the use of information technology. The CIO would chair the CIO Council, and its members would be the CIOs and the deputy CIOs of the different state agencies. The CIO Council would provide recommendations and advice to state agencies, the Governor and the Legislature on the development and acquisition of current and future IT systems.

This bill would provide the duties and responsibilities of the CIO relating to the promotion, improvement, development, monitoring, and evaluation of IT systems and management through out state government.

In addition, **this bill** would authorize the CIO to take any authorized action the CIO considers appropriate, including action involving the budgetary process or appropriations process, to enforce the accountability of the head of a state agency relating to IT resource management and for investments made by the state agency in IT. These actions may include:

- Recommending a reduction or an increase in any amount of IT resources that the head of the state agency proposes for the budget submitted to the Legislature.
- Reducing or otherwise adjusting allocations of appropriations for IT resources.
- Using other authorized administrative controls over appropriations to restrict the availability of funds for IT resources.
- Designating for the state agency an executive agent to contract with private sector sources for the performance of IT resources management or the acquisition of IT.

This bill would provide that the head of each state agency:

- design and implement a process (provided for in the bill) for maximizing the value and assessing and managing the risks of the IT acquisitions of that state agency.
- consult with the CIO to establish policies and procedures relating to the maintenance of accounting and financial systems used by the state agency and to assure that the information provided by such systems is reliable, consistent, and timely.
- identify in the strategic information technology resources management plan any major IT acquisitions or any significant deviations from expected program costs.

This bill would provide that the head of a state agency would perform his or her information technology responsibilities and establish related policies and procedures in consultation with the Chief Information Officer.

Finally, **this bill** would delete provisions of law relating to the formation of an information technology advisory committee whose purpose is to advise the director of IT on matters relating to the management of IT. Two existing statutes, Government Codes 11738 and 11739, would still reference the duties and members of the information technology advisory committee.

For purposes of **this bill**, "state agency" is defined as including every state office, officer, department, division, bureau, board, and commission, including the California State University.

Policy Considerations

This bill would expand the existing authority of the director of DOIT (For purposes of this bill the director would become the CIO of the ITA.) from the current authority to initiate, suspend, or terminate an IT project to provide the CIO with the authority to take action independent of the head of a state agency for IT resource management and for investments made relating to IT by recommending a reduction to a proposed IT budget, reducing allocated appropriations, or withholding funds, so as to enforce accountability with the head of the state agency.

It is unclear if such authority is appropriate, since currently, state agencies seeking budget augmentation or appropriations already must have those requests approved by the state agency, by the Department of Finance, the Legislature, and the Governor to obtain the requested funds. Moreover, for the Franchise Tax Board, these decisions must currently be approved by the Board itself, and it is unclear from this bill how the authority of the CIO would be exercised in connection with the authority of the Board concerning budgetary matters.

Implementation Considerations

To the extent that this bill mirrors current law relating to the creation of a CIO council, and the duties and responsibilities of the director of IT and state agencies concerning IT, this bill would not significantly impact the department. However, to the extent that the CIO would have the authority to recommend, reduce, or withhold funding on IT projects, the impact to the department is unclear.

COMMISSIONS & BOARDS

This bill would repeal the information technology advisory committee and instead would establish the chief information officers' council.

FISCAL IMPACT

Departmental Costs

This bill would not significantly impact the department's costs.

Tax Revenue Estimate

This bill would not impact the state's income tax revenue.

BOARD POSITION

Pending.